

**MINUTES OF THE  
REVENUE AND TAXATION INTERIM COMMITTEE**  
Wednesday, November 17, 2010 – 8:00 a.m. – Room 445 State Capitol

**Members Present:**

Sen. J. Stuart Adams, Senate Chair  
Rep. Todd E. Kiser, House Chair  
Sen. Wayne L. Niederhauser  
Sen. Ross I. Romero  
Sen. Howard A. Stephenson  
Sen. John L. Valentine  
Rep. Joel K. Briscoe  
Rep. Tim M. Cosgrove  
Rep. John Dougall  
Rep. Susan Duckworth  
Rep. Gage Froerer  
Rep. Francis D. Gibson  
Rep. Wayne A. Harper  
Rep. Gregory H. Hughes

Rep. Carol Spackman Moss  
Rep. Stephen E. Sandstrom  
Rep. Dean Sanpei  
Rep. Evan J. Vickers  
Rep. R. Curt Webb

**Members Absent:**

Sen. Curtis S. Bramble

**Staff Present:**

Mr. Phillip V. Dean, Policy Analyst  
Mr. Bryant R. Howe, Assistant Director  
Mr. Robert H. Rees, Associate General Counsel  
Ms. Rebecca L. Rockwell, Associate General Counsel  
Ms. Chelsea Barrett, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Kiser called the meeting to order at 8:18 a.m.

**MOTION:** Rep. Webb moved to approve the minutes of the October 20, 2010 meeting. The motion passed unanimously with Sen. Niederhauser absent for the vote.

**2. Sunset Review - Extension of Recycling Market Development Zone Tax Credits**

Ms. Rockwell explained 2011 General Session draft legislation, "Extension of Recycling Market Development Zone Act and Related Tax Credits" (2011FL-0496/004).

**MOTION:** Sen. Valentine moved to amend the draft legislation as follows:

Page 1, at the beginning of Line 20 insert:  
"This bill provides an immediate effective date."

Page 3, Line 67: After "Section 2." insert "**Effective date--**"

Page 3, Line 68: Delete Line 68 and insert:

"This bill:  
(1) if approved by two-thirds of all the members elected to each house, takes effect upon approval by the governor, or the day following the constitutional time limit of Utah Constitutional Article VII, Section 8, without the governor's signature, or in the case of a veto, the date of veto override; and  
(2) has retrospective operation to July 1, 2010."

The motion passed unanimously. Sen. Niederhauser, Sen. Romero, and Sen. Stephenson were absent for the vote.

The Committee discussed the legislation.

Ms. Lynn Solarczyk, Utah State Tax Commission, answered questions from the Committee.

Mr. Les Prall, Rural Development, Governor's Office of Economic Development, explained the tax credits addressed by the draft legislation.

**MOTION:** Sen. Valentine moved to adopt 2011 General Session draft legislation, "Extension of Recycling Market Development Zone Act and Related Tax Credits" (2011FL-0496/004), as amended, as a committee bill. The motion passed with Rep. Dougall voting in opposition. Sen. Niederhauser, Sen. Romero, and Sen. Stephenson were absent for the vote.

### **3. Property Tax Value Assessment and Eminent Domain**

Sen. Niederhauser introduced 2011 General Session draft legislation, "Eminent Domain Amendments" (2011FL-0184/006). He explained that the draft legislation makes a property's assessed value for property tax purposes the minimum value for compensation when property is taken through eminent domain.

**MOTION:** Sen. Valentine moved to amend the draft legislation as follows:

Page 2, Line 55. After "assessment roll" insert "if the property has been subject to the detailed review of property characteristics under Subsection 59-2-303.1(3) during the year before the condemnation"

After committee discussion, Sen. Valentine withdrew his motion.

**MOTION:** Sen. Adams moved to move forward to the next agenda item and continue looking into eminent domain issues in the future. The motion passed unanimously. Chair Kiser was absent for the vote.

Mr. Peter Cannon, Davis County 9/12 Project, shared his views on the draft legislation.

Ms. Linda Hall and Mr. Lyle McMillian, Utah Department of Transportation (UDOT), stated that UDOT has no position on this issue and encouraged the Committee to consider UDOT's concerns with eminent domain takings.

The Committee discussed the legislation.

Mr. Chris Kyler, Utah Association of Retailers, noted his experiences with property values and eminent domain.

### **4. Use of Tax Revenues for Public School Funding**

Sen. Adams distributed and explained 2011 General Session draft legislation, "Tax and Related School Funding Amendments" (2011FL-0267/010) and "Sales Equalization - \$150 Million." He explained that the draft legislation partially equalizes school revenues with state sales and use tax revenues generated through reinstatement of the state sales and use tax on food and food ingredients.

The Committee discussed the draft legislation.

Ms. Marge Tucker, Coalition of Religious Communities, explained how the draft legislation would affect renters in the community.

Mr. Art Sutherland, Coalition of Religious Communities, explained his opposition to the draft legislation and the tax burdens it would impose on taxpayers.

Mr. Jay Blain, Utah Education Association, explained that property tax is collected in a way that makes it unpopular and that the Legislature should consider options to make property tax collections less difficult for taxpayers.

Mr. Royce Van Tassel, Utah Taxpayers Association, warned against the potential sales tax burdens that the draft legislation would place on taxpayers.

Ms. Allison Rowland, Voices for Utah Children, distributed "A Cure that is Worse than the Disease: Sales Tax on Groceries Should Not go to Education Equalization." She explained concerns with regressive sales taxation proposed in the draft legislation. She also said that sales taxes on groceries should not go to education equalization.

## **5. Legislation Requested by the Utah State Tax Commission**

Mr. Marc Johnson and Mr. Dee Talbot, Utah State Tax Commission, explained 2011 General Session draft legislation, "State Tax Commission and Financial Institution Data Match System" (2011FL-0256/003). They explained that the draft legislation would help mitigate many tax issues that require time and labor intensive processes. They noted that the draft legislation enacts a levy process to collect certain amounts owed by delinquent taxpayers against whom a judgment has already been obtained.

The Committee discussed the draft legislation.

**MOTION:** Sen. Valentine moved to approve 2011 General Session draft legislation, "State Tax Commission and Financial Institution Data Match System" (2011FL-0256/003), as a committee bill. The motion passed. Rep. Dougall, Rep. Gibson, and Rep. Harper voted in opposition. Sen. Niederhauser, Sen. Romero, and Sen. Stephenson were absent for the vote.

Comm. Bruce Johnson explained 2011 General Session draft legislation, "Sales and Use Tax Act Revisions" (2011FL-0392/003). He explained that the draft legislation addresses certain sales and use tax issues related to compliance with the Streamlined Sales and Use Tax Agreement.

**MOTION:** Sen. Niederhauser moved to amend the draft legislation as follows:

Page 67, Line 2072: After "The commission" delete "may not" and insert "is not required to"

The motion passed unanimously. Sen. Romero and Sen. Stephenson were absent for the vote.

**MOTION:** Rep. Harper moved to adopt 2011 General Session draft legislation, "Sales and Use Tax Act Revisions" (2011FL-0392/003), as amended, as a committee bill. The motion passed unanimously. Sen. Romero and Rep. Froerer were absent for the vote.

## **6. Taxation of Refined Petroleum Products & Refineries**

Sen. Stephenson distributed "Sales Tax Exemption for Refineries." He explained a proposal to provide a sales and use tax exemption for refineries.

## **7. Report from the Utah Tax Review Commission**

Mr. Keith Prescott, Chair, Utah Tax Review Commission, explained 2011 General Session draft legislation, "Tax Revisions" (2011FL-0390/010). Mr. Prescott noted that the draft legislation is recommended by the Utah Tax Review Commission and addresses domicile for individual income tax purposes, taxation of a pass-through entity, and provisions related to the property tax residential exemption.

**MOTION:** Sen. Niederhauser moved to amend the draft legislation as follows:

Page 12, Line 352: After "Subsection (4)." delete "there is a rebuttable presumption that"

Page 13, Line 401: After "if" insert ":(i)"

Page 13, Line 402: After "spouse" delete the period and insert:

": or (ii) the individual and the individual's spouse claim married filing separately filing status for purposes of filing a federal individual income tax return for the taxable year."

The motion passed unanimously. Sen. Valentine was absent for the vote.

**MOTION:** Sen. Niederhauser moved to adopt 2011 General Session draft legislation, "Tax Revisions" (2011FL-0390/010), as amended, as a committee bill. The motion passed unanimously. Sen. Valentine was absent for the vote.

## **8. Other Items / Adjourn**

**MOTION:** Rep. Froerer moved to adjourn the meeting. The motion passed unanimously. Rep. Harper and Rep. Moss were absent for the vote.

Chair Kiser adjourned the meeting at 10:33 a.m.